

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 EA-10 ISO-00 CAB-02 CIAE-00 COME-00

DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 TRSE-00

OMB-01 CEA-01 STR-07 PM-05 NSC-05 SP-02 SS-15

H-01 /083 W

-----106066 251115Z /12

R 251039Z AUG 78

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 8743

INFO AMEMBASSY PARIS

AMEMBASSY SEOUL

AMCONSUL HONG KONG

C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 05713

E.O. 11652: GDS

TAGS : EAIR, ETRD, TW

SUBJECT : MCDONNELL-DOUGLAS/AIRBUS INDUSTRIE

- COMPETITION FOR SALES IN TAIWAN

REFS: (A) TAIPEI 05425, (B) HONG KONG 10943, (C) PARIS
25298

1. VICE MINISTER OF FOREIGN AFFAIRS FRED CH'EN TOLD DCM
AUGUST 24 THAT HE HAD BEEN REQUESTED BY PREMIER Y. S.
SUN TO INFORM EMBASSY THAT GROUPE HAS DECIDED TO PURCHASE
FOUR AIRBUSES, BUT THAT THE DECISION IS NOT YET COM-
PLETELY FINAL.

2. CH'EN STATED THAT DECISION IS BEING BASED SOLELY ON
TECHNICAL AND PROFITABILITY ADVANTAGES AIRBUS ENJOYS IN
COMPARISON WITH DC-10 AND LOCKHEED L-1011.
DECISION WAS NOT REPEAT NOT INFLUENCED BY
EXPECTATION THAT CHINA AIR LINES (CAL) WILL OBTAIN
LANDING RIGHTS IN FRANCE AS RESULT OF PURCHASE. CH'EN
SAID HE AGREED WITH OUR APPRAISAL THAT THERE IS LITTLE
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LIKELIHOOD GOF WILL GRANT LANDING RIGHTS. HE ALSO
COMMENTED THAT GOF HAS IN GENERAL DISCOURAGED CONTACTS
WITH ROC.

3. CH'EN GAVE TO DCM A CHART WHICH HE SAID WAS DRAWN
UP BY CHINA AIRLINES SHOWING TECHNICAL AND COST DATA FOR
AIRBUS, DC-10 AND L-1011 (PARA 4). ACCORDING TO THE

CHART, AIRBUS IS MOST SUITABLE AIRCRAFT FOR CAL'S REGIONAL SERVICES IN NORTHEAST AND SOUTHEAST ASIA. PREMIER SUN HAD ASKED CH'EN TO CALL PARTICULARLY TO OUR ATTENTION THE FOLLOWING: ENGINES USED IN AIRBUS ARE MANUFACTURED IN U.S., EASTERN AIRLINES HAS PURCHASED AIRBUS AND AIRBUS USES CONSIDERABLY LESS FUEL THAN ITS COMPETITORS. CH'EN ALSO NOTED THAT CAL IS ORDERING THREE ADDITIONAL BOEING 747'S AND PLANS TO ORDER ADDITIONAL BOEING PRODUCTS (757, 767, 777) WHEN THEY COME INTO PRODUCTION. REFERRING TO THE CHART AGAIN, CH'EN COMMENTED THAT HE HAD ASKED CAL TO INCLUDE DATA ON PROJECTED LOAD FACTORS, BUT THE AIRLINE HAD DECLINED ON THE GROUNDS THAT THE INFORMATION WAS A "BUSINESS SECRET."

4.

COMPARISON OF
CHARACTERISTICS OF MID-RANGE
AIRCRAFT AND FACTORS CONCERNING THE SELECTION

TYPE OF AIRCRAFT	DC10-10	LI011-L	A300B4
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ENGINE

- A. NUMBER	3	3	2
- B. MODEL	CF6-6D	RB211-22B	CF6-5002

NUMBER OF SEATS	277	302	251
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MAXIMUM PAYLOAD

WEIGHT CARRIED BY AIRCRAFT (POUNDS)	78,959	82,100	77,614
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MAXIMUM DISTANCE
OF A FLIGHT CARRYING
PAYLOAD WEIGHT

(NAUTICAL MILES)	2,730	2,390	2,350
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MAXIMUM DISTANCE OF
A FLIGHT CARRYING
FULL LOAD OF
PASSENGERS

(NAUTICAL MILES)	3,230	3,170	3,000
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FUEL CONSUMPTION

(POUNDS PER HOUR)	14,338	15,966	12,850
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MAINTENANCE COST

(US DOL PER HOUR)	487	560	335
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ESTIMATED PRICE OF

AIRCRAFT	3,750	3,480	3,564
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DELIVERY TIME:

- A. FOR FIRST

- AIRCRAFT	68.8	69.1	69.3
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- B. FOR SECOND

- AIRCRAFT	68.12	69.2	69.6
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OMB-01 CEA-01 STR-07 PM-05 NSC-05 SP-02 SS-15

H-01 /083 W

-----106098 251114Z /12

R 251039Z AUG 78

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 8744

INFO AMEMBASSY PARIS

AMEMBASSY SEOUL

AMCONSUL HONG KONG

C O N F I D E N T I A L SECTION 02 OF 02 TAIPEI 05713

END-USERS AMERICAN ANA KOREAN

- CONTINENTAL CATHAY PACIFIC INDIAN

- NATIONAL DELTA THAI INT

- UNITED EASTERN AIR FRANCE

- WESTERN TWA AIR SIAM

- AIR CANADA LUFTHANSA

- SAUDIA TRANS

- EUROPEAN

- EASTERN

5. COMMENT: WE BELIEVE GROC HAS MADE DECISION TO PURCHASE AIRBUS KNOWING FULL WELL GOF WILL NOT GRANT LANDING RIGHTS TO CAL IN PARIS. ON THE SURFACE, THEREFORE, IT WOULD APPEAR THAT AIRBUS WAS SELECTED SOLELY BECAUSE IT IS A BETTER AIRCRAFT FOR CAL'S ROUTE STRUCTURE, BASED ON A COMPARISON OF AIRBUS WITH DC-10 AND L-1011. THAT IS THE PURPOSE OF THE CHART CH'IEEN GAVE TO DCM. HOWEVER, CH'IEEN DID NOT INDICATE THE ORIGIN OF THE CHART. IF THE

DATA CONTAINED THEREIN WAS PROVIDED SOLELY BY AIRBUS
INDUSTRIE ITS VALIDITY MAY BE QUESTIONED. IN THIS CON-
NECTION IT SHOULD BE NOTED THAT MCDONNELL-DOUGLAS HAS
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SUBMITTED A SIMILAR CHART TO CAL WHICH PROVES THAT THE
DC-10 IS A BETTER AIRCRAFT FOR CAL'S PURPOSES THAN IS
AIRBUS.

6. THERE STILL MAY BE MORE TO AIRBUS DEAL THAN MEETS
THE EYE. IT COULD BE CONNECTED, FOR EXAMPLE, TO POSSIBLE
GOF DECISION TO OPEN A "PRIVATE" OFFICE IN TAIPEI
(REFTEL B). GOF ALSO MAY HAVE INDICATED A WILLINGNESS TO
SUPPORT AN EXPANSION OF COMMERCIAL RELATIONS BETWEEN
FRANCE AND ROC. WHATEVER THE REASONS, GROC IS WELL AWARE
OF OUR INTEREST IN PROMOTING SALE OF U.S. AIRCRAFT AND
EXPANDING GROC IMPORTS FROM U.S. IN GENERAL AND IT MAY
NEVERTHELESS BE PREPARED TO INCUR OUR DISPLEASURE.

7. THE CHART CAL PROVIDED THE GROC ON THE AIRCRAFT SEEMS
RATHER SUPERFICIAL TO US AND OBVIOUSLY IS MORE
ABBREVIATED THAN THE ARGUMENTS MCDONNELL-DOUGLAS MADE FOR
THE DC-10. DEPARTMENT EXPERTS MAY WISH TO STUDY
THE CHART TO ASCERTAIN WHETHER IT PROVIDES ANY BASIS
FOR MCDONNELL-DOUGLAS, EMBASSY OR DEPARTMENT TO PURSUE
THIS MATTER FURTHER. UNGER

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